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ABSTRACT

This publication, one of a series of self-contained instructional manuals for students in marketing and distribution, deals with the field of personal services marketing and covers job opportunities, career possibilities, and future planning for entrepreneurship. Addressed in the individual units of the guide are the following topics: the business and personal services industry; competencies needed for marketing (basic competencies in mathematics and communications, social skills, economic concepts, sales and merchandising skills, management and administrative competencies, and beginning tasks and duties expected in the service industry); and career opportunities in business and personal services marketing including entrepreneurial considerations for establishing a day care center, an equipment rental service, a building maintenance service, and a recreational vehicle park). Each unit contains some or all of the following: unit objectives, instructional text, notes, questions, and suggested projects. (MN)

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A Guide for
Business and Personal Services Marketing
With an Emphasis on Entrepreneurial Opportunities

By

Robert R. Luter

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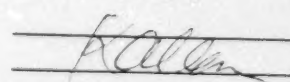
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Services defined; service businesses of laundry and dry cleaning, car wash, apartment locator service, rental agency, building maintenance, day-care nursery, and advertising agency; a listing of personal services; and a listing of business services

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Basic competencies in mathematics and communications; social skills; economic concepts; physical distribution; product technology; selling skills; sales promotion skills; merchandising skills; marketing skills; management and administrative skills; and beginning tasks and duties expected in service businesses

Assignment 3: Career Opportunities in Business and Personal Services Marketing / 10

Reasons for limited entry-level employment; entrepreneurial considerations for (1) a day-care center for preschool children; kinds of centers; facilities and equipment; financial concerns; (2) an equipment rental service; types of rental/lease enterprises; getting started, licenses, fees, and permits; financing and operations; special problems to consider; purchasing new equipment; (3) a building maintenance service or maid/domestic service; potential customers; factors to consider; equipment needs; basic office equipment; operating out of one's home; making estimates and agreements; and (4) a recreational vehicle park; types of parks; market research needed; site locations; financial considerations; calculating costs; budgetary ratios of income and expenses; special considerations; and alternate plans for a mobile home park.

Preface

This is one of a series of publications with a new format. Its design and intent is to offer valuable information to both teachers and students in a field of marketing that is not covered in previous publications. The major emphasis is to (1) describe the field of marketing, (2) give examples of service enterprises, (3) describe beginning job duties and typical competencies required, and (4) cite actual examples of entrepreneurial opportunities in selected service enterprises.

Business and personal services enterprises are so diverse that it is only possible to cover the field in general terms. Figures cited in the text are not accurate for current consideration. They are approximate and are used for hypothetical examples only, and to establish workable ratios. Pricing strategies for calculating labor, equipment, and supply costs are more difficult to determine than those for specific products. Pricing theory for services involves calculating with nontangible factors. Actual working experience is highly recommended before attempting to use these factors and figures with any degree of accuracy.

For the teacher, this guide will be useful in preparing a training plan, individualized instruction, and a teaching outline for specialized instruction. This guide will help acquaint students with the field of services marketing, job opportunities, career possibilities, and future planning for entrepreneurship. It can also be used to help you plan a market research project for a specific service enterprise or a community survey of service needs.

Every effort has been made to produce a publication that addresses the unique needs of our current student population. Students with limited English proficiency (LEP) as well as handicapped, educationally disadvantaged, and nontraditional students may require modification of the material in this publication. The professional staff of EIMC will gladly work with any instructor having these students to show how the instructional material can be adapted for specific individualized instruction. Consult local, state, and federal agencies that offer assistance and guidance and that can provide sound recommendations for productive classroom management.

Acknowledgments

The Bank of America in San Francisco has done a remarkable job of putting together small business profiles for a large number of marketing enterprises. This series, titled Small Business Reporter, is published on a continuing basis with regular updates for various businesses. It is suggested that you order copies of this series from:

Small Business Reporter
Bank of America
Department 3120
P. O. Box 37000
San Francisco, CA 94137

Titles of service enterprise profiles from their current series are these:

Proprietary Day Care
Coin-operated Dry Cleaning
Coin-operated Laundries
Coin-operated Car Washes
Equipment Rental Businesses
Mail-Order Enterprises
Mobile Home Parks
Small Job Printing
Repair Services
Sewing and Needlecraft Centers

There are numerous titles on starting, operating, and managing a small business enterprise. All of these will be helpful to your students in thinking about entrepreneurship.

We are indebted to Bank of America for much of the information in this publication related to business and personal services marketing.

The Business and Personal Services Industry

Objectives: Upon completion of this assignment, students should be able to—

1. identify a service-type enterprise in marketing;
2. tell why so many different kinds of services are necessary;
3. explain the difference between business and personal services;
4. list some of the services provided by an advertising agency; and
5. list examples of personal services and business services.

Look through any local telephone directory at the Yellow Pages section. There is a listing of every local business and industry, by categories. Look closer and you will discover that the great majority of them sell a **service**. There are more service-oriented enterprises than those that just sell or distribute a product.

Marketing is concerned with the distribution and consumption of services as much as it is with products. Some product sales are totally dependent upon selling related services. For example, an appliance retailer must offer a full line of services to take care of all the appliances sold. An apparel retailer must offer alteration and fitting services. A detailed examination of our entire marketing structure will show you that **services** are essential to the manufacture and distribution of all products. All businesses must rely on other businesses to provide them with needed services.

In studying marketing, we normally think

only of products. A product is tangible—that is, it can be seen, examined, analyzed, and compared with other products. A service is intangible. It cannot be seen or held in your hand. It is more difficult to define, analyze, and apply the principles of marketing to services. Yet, they are needed by everyone, both by businesses and individual consumers. We live in a world that is dominated by the marketing of services.

Services Defined

What are services? How are services marketed? Why are they essential to our standard of living, comfort, enjoyment, and benefit?

Webster defines a service as "any useful labor that does not produce a tangible commodity." However, many needed services require the use of knowledge and skills rather than labor. Advertising services are a good example. The U.S. Department of Education uses the following description of "business and personal services marketing":

"A group of enterprises that falls into two categories: those primarily engaged in providing services to businesses on a fee or contract basis (such as advertising agencies, publishing and broadcasting companies, display services, marketing research and consulting firms, protection agencies, building maintenance firms, and employment agencies), and those providing services to consumers (such as photography studios, barber and beauty shops,

gymnasiums, funeral homes, home maintenance firms, pet care centers, and rental businesses). The emphasis should be placed on the marketing activities involved in operating and not on the manual skills required to perform a particular service."

Service Enterprises

A service enterprise is one whose main function is to provide a service rather than products or goods. Most of these enterprises will, of necessity, sell related products as a convenience to the customer. Some service companies, such as repair shops, will have to stock parts and supplies in order to perform their services. Let's examine some different kinds of service companies to see what they sell.

A **laundry and dry cleaning shop** is mainly a service enterprise. It sells the service of cleaning, ironing, or pressing clothing and making it fresh and ready to wear. In addition, the shop may provide alterations, tinting or dyeing of fabrics, or storage of furs and woolen garments in a cold storage locker. Not all shops provide the same services. Some give a full range of services, while others provide only the basic laundry or dry cleaning service. Some may offer pick-up and delivery service to homes. Others require customers to bring it in and pick it up.

A coin-operated, self-service laundry and dry cleaning station is another version of the same business. Here, washing machines, dryers, and dry cleaning machines are available for individual use. In some, no attendants are on duty. You are paying for the use of the machines and the utilities needed to operate them.

A large commercial laundry may offer uniform and linen service rentals, either to individuals or businesses. A diaper service is offered to individuals. The laundry owns the diapers, but provides pick-up and delivery service to homes. It provides clean, ironed uniforms, shop towels, bed and bath linens, and a host of other cleaning services to businesses or individuals.

A **car wash business** may be attendant-operated, or be a coin-operated, self-service enterprise. Its main business is fast cleaning and washing of automobiles. Related supplies may be sold for the customer's convenience,

but **car washing** is the major function and service to the customer.

An **apartment locator service** provides a service both to the individual renter and the landlord who owns the apartment. Landlords can list their property with the locator service. The locator service shows the property to prospective renters, makes the necessary arrangements, collects the deposits and advance payments, and serves as a business agent for the landlord for a fee. The renter uses the service to find the right apartment, in the right location, of the right size and type, and at the right price. The locator firm aids the landlord in saving valuable time by listing and showing the properties. The firm helps the individual renter by saving much valuable time in reading the classified ads, making extensive phone calls, and driving out to various locations to see the properties.

Rental agencies are of several types. Individuals may need to use tools or equipment but do not want to purchase them. For a service fee, these may be rented on a short-term basis. Individuals put up a deposit, use the tool or equipment item, then return it. Customers are charged for the actual time, usually by the day, that the items were in their possession.

Office machines and equipment may be rented to businesses or to individuals. Heavy equipment may be rented or leased to businesses. Many different kinds of equipment leasing and rental agencies serve both individual and business needs.

Some agencies rent or lease automobiles, trucks, and trailers. Some of these provide additional equipment and supplies for moving. Many businesses find that it is less expensive to rent or lease than to own. With items such as computers, whose technology is constantly advancing and changing, a company may find it far easier to lease on a short-term basis. This way the company can keep up with new technology and state of the art improvements without costly trade-ins and constant purchasing. Companies that lease fleets of automobiles save a tremendous amount of cash outlay. By leasing, they pay a set amount each month. By renewing the leases with new models, they save on costly repairs, maintenance, and replacement parts.

A **janitorial or building maintenance service** is used by both commercial enterprises and individuals. Large commercial buildings and office parks sign contracts with

building maintenance firms. The firm provides needed cleaning, window washing, floor waxing, dusting, and trash removal. Most of this occurs at night after the offices and commercial occupants are closed for business.

Similar firms may provide necessary maid and domestic services to individual homes and apartments or condominiums. Mobile maid service firms supply domestic help on an hourly or daily basis. The cleaning crew is delivered to the address along with needed cleaning supplies and equipment. The individual pays for the time, type of cleaning to be done, and difficulty of the chores. These services may be hired on a one-time basis or contracted on a regular weekly basis.

A day-care nursery or babysitting service is vital in today's economy. In many households, the combined incomes of both parents are necessary to provide a sufficient lifestyle and standard of living. To have this freedom to work, parents of small children must have a reliable place to leave them during the day.

A day-care nursery may be in an individual's home in a neighborhood, or it may be a separate place of business. It must be licensed and approved by local governments. It must provide the room and the facilities, equipment, and the sanitation standards required by law. Most of these must also provide food service, places for recreation and play, and places for rest. There must be adequate adult supervision at all times.

An individual can provide a babysitting service in the home. This service is not licensed, but is simply an arrangement between parents and the babysitter to give adequate care and attention to the children.

Commercial day-care centers may also provide kindergarten services to children of preschool age. This requires additional licensing, equipment, and facilities. Of course, extra fees are charged for educational services.

An advertising agency provides many essential, valuable services to businesses. However, individuals can also use these services. An advertising agency does market research, media research, public relations planning and activities, plus a full line of services on the planning and development of all types of advertising. In the latter category, the agency may plan all or part of an advertising campaign or promotion. It deter-

mines the goals to be achieved, plans the campaign, and executes all of the parts of the campaign.

The agency provides copywriting, art and illustrations, photography, layout and printing, and solicits various media services. It contracts with other businesses for services that cannot be produced in-house. In a complete promotion campaign, the agency may design signs and banners for displays, point-of-purchase materials and display units, window themes, direct mail, circulars and dodgers, newspaper and outdoor ads, car cards, radio and television commercials, and any number of similar advertising techniques.

An individual who seeks public office may hire the talents and services of an advertising agency to plan and promote the campaign. Many of the same services provided to a business can be employed in a political campaign. However, public relations is a separate field.

Many advertising firms specialize in providing public relations services for political activities. A company may employ public relations services to improve or change its public image. In most cases, it uses an agency that specializes in this field.

A company may want to expand or change its present markets. It may hire an advertising agency to do basic market research to meet this need. An ad agency may also do market research on a new product, including the planning of market testing and evaluation, as well as promotion strategies. Advertising can be on a local, regional, or nationwide basis.

Types of Service Enterprises

Personal Services Enterprises

As an individual, you have many needs that can only be performed by a service enterprise. For example, few individuals can cut and style their own hair. They need the services of a barber or beauty shop, or individuals licensed to perform these services.

You may need assistance with income tax preparation. You can hire these services from a professional accountant, or from a person who performs this service for a fee. You may temporarily need to store some furnishings. There are small self-service lockers and storage places that charge a monthly rental fee.

You may need a tuxedo or formal dress for an occasion, but do not want to purchase it. You can rent it for a small fee. You may want to help celebrate someone's birthday or special occasion. You can hire a clown, a singing telegram act with balloons, and almost any kind of costumes and individuals to perform this function.

Some services are needed on a regular basis, and some for one time only. Others are needed only occasionally. A great advantage of our marketing system and private enterprise economy is that a business or personal service exists to provide for your every need—when and where you need it, and at a price you can afford or are willing to pay.

Following are examples of personal services enterprises, but these are by no means all that are available:

- Accounting services, income tax preparation
- Alterations and tailoring, including monogramming
- Amusement places, theaters
- Apartment locator services
- Appliance, tool, equipment rental and repair services
- Athletic clubs, gyms, spas, exercise and fitness places
- Auto rental and leasing services, including trucks, trailers, and related equipment
- Babysitting services, day-care nurseries, and kindergartens
- Barber and beauty shops
- Bookbinding, repair and reconditioning
- Building maintenance and janitorial services
- Business and trade schools
- Camping, parks, and recreational services
- Carpet, upholstery cleaning
- Car washing
- Catering services
- Check-cashing services, money exchange
- Coin-operated laundries, cleaners, and car washes
- Copying, printing, and binding
- Dance schools
- Employment agencies
- Food processing and storage lockers, freezer lockers
- Funeral homes (mortuaries)
- Furniture rental, leasing services

- Furniture restoration, reupholstery, and reconditioning
- Garbage and waste/trash disposal services
- Interior decorating services
- Karate, judo, self-defense schools
- Laundry, dry cleaning, tinting, and dyeing services
- Lawn care, mowing, and gardening
- Linen and diaper services
- Maid and domestic home cleaning services
- Mailing services
- Modeling agencies
- Moving and storage services
- Pawn shops and loan services
- Pest control
- Pet grooming, kennels, and boarding services
- Residential security services
- Shopping services, including delivery
- Theatrical agencies, talent scouts
- Tree and landscape services
- Tuxedo, formalwear rental services
- Uniform rental services
- Warehouse, storage lockers
- Wrecking, towing services

Business Services Enterprises

Almost every business requires the services of other businesses. In most cases, it is cheaper for a business to rent or lease services than to provide their own. Many small businesses exist solely to provide services for larger industry and business enterprises. Following is a partial listing of examples of business services enterprises:

- Accounting services, financial consulting
- Addressing, correspondence, and mailing systems
- Advertising agencies, marketing research, and art
- Air cargo, package express, and delivery systems
- Auction houses, auctioneering
- Audiovisual productions, equipment rentals, and software
- Auto and fleet rentals, leasing, including trucks and trailers
- Building maintenance and janitorial services
- Business forms and systems
- Business operations consulting services

- Buyers, brokers, and catalog production and distribution
- Collection, credit reporting agencies
- Computer rental, leasing, and time sharing
- Copying services
- Decorating, design, and display services
- Employment agencies
- Exporting, shipping, and storage houses
- Garbage and waste disposal, trash collection
- Inventorying, fire/damaged goods, and overstock purchases
- Linen and uniform rental, leasing, and laundry services
- Messenger services
- Moving, storage
- Mail-listing services
- Office equipment rental and leasing
- Plant leasing and management (green plants leased to commercial office buildings, shopping centers)
- Psychological and testing services
- Printing services
- Public relations
- Security, surveillance systems
- Theatrical agencies, talent scouts
- Tax consultants
- Telephone answering services, paging systems
- Welcoming services for new residents

A service enterprise may be quite small, or it may be a very large organization. Or it can be a branch of a giant corporation, such as IBM (International Business Machines), as an example. Some services require no particular skills other than good business management. Other services require higher education, more experience, and a lot of skill or talent. Some require special licensing or certification. The degree of education or skill required usually determines the cost of the service itself.

Most service enterprises operate as separate business functions, housed in commercial locations. However, some can operate from a home or garage. Some services involve

only the owner or operator, while others may have several employees.

The actual service provided or the skill needed for that service is not the subject of this publication. Rather, we are interested only in the **marketing** of services and the particular marketing competencies needed.

Questions

1. Why are a large majority of business enterprises in the service-selling business?
2. Define services as used in the study of marketing.
3. Why is equipment renting and leasing popular with many business firms?
4. What is the difference between business and personal services enterprises, even when the same types of services are performed?
5. List at least five services provided by an advertising agency.
6. From the list of personal services enterprises, select any three. Identify the major service or group of services that each has to sell.
7. From the list of business services enterprises, select any three. Identify the major service or group of services that each has to sell.

Project

On a separate sheet of paper, prepare a list of all the personal services you have used for the past month. This would probably include hair care, clothing care, medical care, and automobile service, as examples. Estimate how much money you spent with each business. Estimate how much you spend during the year for this same service.

Which of these businesses interests you most in learning about its operation? Which would you most like to own and operate? Attach this paper to your answers to the study questions above.

Competencies Needed for Marketing

Objectives: Upon completion of this assignment, students should be able to—

1. explain why basic skills are vital to beginning employment;
2. tell the importance of social skills in employment;
3. explain the necessity for having a basic knowledge of economics to gain successful employment in a marketing business;
4. tell why stockkeeping skills are important in most service enterprises;
5. explain the importance of selling to service enterprises; and
6. identify specific promotion, merchandising, and marketing skills a service enterprise would demand.

A service enterprise is a marketing institution. With the exception of the services rendered, job skills are largely the same as in any other type of marketing business. A service enterprise must have customers, and it must sell, promote, keep records and accounts, and usually must stock and sell related products or parts needed to provide a service.

Necessary Skills

Generally, the same competencies required for any general merchandising business would apply to a service enterprise. Competencies and job skills could be broken into the same 10 areas, as follows:

1. **Basic skills** include those needed for tasks and job duties that involve math-

ematics and communication skills. A service enterprise requires basic math skills for cashiering, making invoices, giving discounts, and figuring taxes, fees, and labor rates.

Selling parts and supplies usually requires a state and local sales tax. Labor and service call fees are usually not taxed. Communication skills are required in preparing all types of records, sales documents, contracts, and sales communications with customers, including conducting customer relations, taking sales orders, and handling complaints.

2. **Social skills** include developing strong personal qualities, good grooming, wearing proper business attire, building a positive self-image and character, and developing other attributes that are vital to any business relationship. You must develop a pleasing attitude, be open to suggestions, take directions from supervisors, and get along with co-workers.
3. **Economic concepts** are the same as for any other marketing business. A worker should have an understanding of our economic system, private enterprise, and how marketing provides us with our standard of living, as well as the need for services in the entire marketing structure. You should understand entrepreneurship, competition in the open marketplace, and the pricing structure based on

supply and demand. You should know the justification and need for making a reasonable and adequate profit in a business enterprise.

4. **Physical distribution skills** are the same as for any business that stocks parts and products. Most service enterprises stock parts and products, either as a part of the service offered, or as a convenience to the customer. The same skills are needed for stock-keeping, receiving, checking, marking, inventorying, shipping, and storage. Stock rotation, reordering, stock counts, and maintaining a basic stock list are equally important for a service enterprise.
5. **Product technology** is necessary for any business that stocks parts, equipment, and supplies related to servicing and repairs. For example, an upholstery shop needs a good background and product knowledge of the fabrics and finishes carried for furniture upholstery. An appliance service center needs an excellent product technology background for selling parts and assemblies, and being able to find the right ones for a particular make and model of equipment. A laundry and cleaning establishment must certainly know fabrics, finishes, colors, and the kinds of cleaning solvents and fluids that may successfully be used with each.
6. **Selling skills** are just as important and vital in a service enterprise as in one that sells products. The same need to sell exists. The major difference between services selling and retail selling is that, in services selling, you are dealing with intangibles.

It is easy to show and explain a product's features and benefits. It is more difficult to sell the benefits of a service and justify the additional costs involved. Also, it is necessary to sell additional services and often the accompanying parts or products that the customer may need.

At the upper level, a business must often look for prospective commercial customers that are not walk-ins. For example, a building maintenance firm must go out and make contacts with

building owners to arrange for needed services.

Contracts, sales agreements, terms, and other important parts of the business service must be sold and negotiated. Many contracts for services are awarded through the bidding process. This requires that you look for advertised bids, make estimates, and submit a bid cost for performing services. This is often true with state and federal contracts to supply needed services.

7. **Sales promotion skills**, such as advertising and public relations skills, are also needed for services. Many small service enterprises get the majority of their sales and contacts from advertising in newspapers, telephone directory Yellow Pages, or magazines. Many also use display techniques, signing, and price cards.

Some businesses could not exist without media advertising. For example, a silverware and china pattern matching service could not exist without small ads placed in home and shelter magazines. The service gets people who have odd pieces to sell together with clients who need particular pieces in a particular pattern. This highly specialized business exists solely on advertising.

8. **Merchandising skills** are needed. In this case, merchandising can be defined as "selling the right service, at the right time, in the right place, to the right client, at the right price." Many services are merchandised together, and are sold that way. When one service is sold, it adds up to the sale of several others. For example, a furniture restoration service sells the service of refinishing, but it may call for attendant services of regluing joints, replacing springs, putting on new hardware, and adding new ornamentation. These services may be merchandised as a package deal and given a special price that includes a complete job.
9. **Marketing skills** include conducting market research to discover the locations, kinds of services offered, pricing strategies, franchising, branch

operations, products, or service mix that is needed, and adding additional services, space allocations, and similar needs. In other words, marketing is necessary to a service enterprise in the same sense as it is necessary to a product sales business.

10. **Management and administrative skills** are equally vital in a service enterprise. No business can exist long without good management. Work, staffing, training, supervising, delegating, and overseeing the entire operation must be well organized. Prices for labor and parts or products must be adequate to cover operation expenses. The enterprise must have the same expense and inventory controls as in any other business. Planning and budgeting are important, as are adequate income and cash flow. Prices must be in line with the competition, and the quality of work needs constant monitoring and supervision. Preparing contracts, bids, sales orders, and making major equipment purchases are other management duties that require great knowledge and experience.

Beginning Tasks and Duties

It is difficult to generalize about beginning tasks and duties in a service enterprise. Each type of service enterprise has specialized assignments. However, it is fairly accurate to state that most beginning tasks are largely clerical in nature. Thus, you would probably be responsible for the following--

1. cashiering, making change, figuring tax, calculating total bills, accepting checks, or entering items on a ledger sheet for later billing
2. taking orders from clients, and preparing sales invoices, tickets, or other sales documents for services rendered
3. processing orders for assignment, including work orders with full descriptions of services needed, times that orders should be completed, along with estimates of charges, in some cases
4. handling customer relations and complaints, advising customers about service needs, explaining policies and

procedures, and selling services and related products

5. filing records and invoices, posting completed sales orders to ledger sheets, billing, recording payments, handling overdue accounts, and making deposits and posting on records
6. stockkeeping, inventorying, receiving, checking, marking, cataloging, and pricing parts and products sold by the service business; supplies and equipment require similar duties
7. housekeeping, cleaning, dusting, rearranging furnishings, mopping or vacuuming floors, washing windows, removing trash, and similar chores

The actual performance of service tasks are not considered here. You may have these duties, but they require certain skills and experiences beyond the scope of this publication. You may be asked to perform minor or simple repairs, replace parts, or make adjustments that improve performance or service. You may have to make routine inspections, check functions, or give an estimate of services and parts needed. Special training for these service duties is given on the job.

Questions

1. Why are basic skills so vital to any employee's assigned work duties in a service enterprise?
2. What would probably happen in your job in a service enterprise if you find it difficult to get along with others?
3. If you get a job in marketing, how important is a basic understanding of our economic system?
4. Why is stockkeeping necessary in a service enterprise?
5. Assume that you work in an appliance repair and service shop. How would product technology be useful to you?
6. Explain why selling is just as important in a service enterprise as in one that sells products.
7. Explain why promotion, merchandising, and marketing skills are needed in a service enterprise.
8. List seven job duties or tasks that you will probably perform in a beginning job in a service enterprise.

Project

Of the seven groups of beginning duties listed in question No. 8, how many are you qualified to perform now? Do you believe you have the basic skills and competencies to be a satisfactory employee? If not, how much additional schooling or experience do you

think you will need? Since the eighth grade, which courses in school do you think have prepared you for entering the world of work?

Assume that you want to own and operate a service business. What additional studies above high school do you think you will need? Give specific answers, and relate them to a particular service enterprise.

Career Opportunities in Business and Personal Services Marketing

Objectives: Upon completion of this assignment, students should be able to—

1. select a service enterprise that they would want to own, operate, and manage;
2. cite ways to research the market potential of service businesses and assess the competition; and
3. give a summary of start-up costs, and tell how they would go about getting together the right resources for operation.

Beginning job openings and opportunities for employment in a service enterprise are perhaps not as plentiful as in other types of marketing. The major reasons are (1) most service enterprises are fairly small organizations, and (2) job openings are usually given to those with significant trade skills to perform services. However, plenty of opportunities still exist for those who want to work in this kind of organization.

Beginning jobs normally require few skills and, therefore, do not pay as well as other jobs. Since many of the beginning or entry-level jobs are paid minimum wage scale, this makes these job openings less attractive to many. In small business organizations, the opportunities are long-range rather than short-range. The real significance of service enterprise careers is in entrepreneurship. Entrepreneurs (AHN-tray-pruh-NOORS) own, operate, and manage a business. They are the backbone of our private enterprise economy and our marketing system. The strength of American business economy is in its small business owners and operators.

For students to get a better idea of job opportunities, duties, and career planning, a number of selected service enterprises will be examined. From these profiles, you can determine the needs, markets, jobs, services, and competencies that you would need in order to enter any one of them. Figures quoted are relative to a particular year and are only used to measure proportions and values. Any banker would be able to quote current figures when you are ready to make serious considerations of these possibilities.

A Day-Care Center for Preschool Children

One type of service enterprise that you can plan on operating is a day care center. It is a vital service to working parents, and the need for both parents to work outside the home is more significant each year. Parents seek a reliable, reasonable place where they can leave their small, preschool-aged children. A well-located and well-planned day-care center is designed to fill this basic need.

Defining Your Market

You can examine several different kinds of centers and facilities. You may begin with a very small center and develop it into a larger operation.

Short-Term Day Care

A short-term day-care business is really an in-home babysitting service. Three to four

hours is usually the maximum time a child is in your care. You need only minimal facilities and equipment. In most communities, you do not have to have a license to operate. Your arrangements for care are made individually with the parents.

Many shopping centers, office buildings, medical/dental clinics, and hospitals offer a short-term care facility to meet the needs of their clients or customers. You could consider operating a short-term facility for a large organization, doing so on a contractual basis.

Family Day-Care Center

In a neighborhood that needs one, you might consider operating a family care center out of your own home. The home itself must meet licensing and zoning requirements. Restrictions vary from state to state and often within communities. Most permit up to six children, with some being licensed for up to 10 children. Of this number, only two can be under the age of two years.

Day Nursery

A day nursery must be in a separate building, rather than in a home. It can have more than 10 children, but must meet strict licensing and zoning regulations. It must be staffed with competent personnel, and have adequate food, sanitation, and recreational facilities. Most day nurseries have some kindergarten educational services in addition to child care services.

Facilities and Equipment

A family care center located in a neighborhood must be fully licensed, and it must have the proper zoning permit. Usually, the state welfare department (Department of Human Resources, in Texas) makes the inspections and issues the license for operation. To get the license and permits, a facility must meet local ordinances as well as state regulations. The location of the building is important. A day nursery must meet even more strict requirements in location, facilities, sanitation, and equipment, as well as competent personnel.

It is more desirable to obtain a "semicommercial" zoning permit. This allows you to locate in a residential area where property is

less expensive. A special permit must be obtained in most cities for residential location.

You must have adequate toilet and kitchen facilities, depending upon the number of children you are licensed to keep. All heating, cooking, and plumbing facilities must be inspected for condition, sanitation, capacity, and overall safety.

Your facility must meet strict fire safety regulations. Most ordinances today require smoke alarms to be installed and operating. Fire extinguishers must be installed and checked periodically. The facility must have a sufficient number of outside doors and exits. Roofs, windows, siding, flooring, and other building materials must meet local fire safety standards. A day nursery must hold regular fire drills for the staff, the same as in a school.

Outside space for play and recreation is usually regulated by state standards. The play area must be fenced, well drained, and free from safety hazards. Playground equipment must be secure, inspected regularly, and kept in good, safe condition.

Inside space must be adequate for the number of children kept. Adequate floor space is required for free movement, as well as pallets for each child during rest periods, and adequate tables, chairs, and play equipment. If kindergarten classes are taught, they must be in separate facilities with proper educational equipment. These classes must meet local school requirements for certification.

A sufficient number of staff members must be hired, depending upon the number of children. They must be properly trained and supervised. A separate office, complete with records and office equipment must be maintained to meet local regulations. If it is a day nursery, the staff members must have separate restrooms from the children. Personnel must have health permits, and keep their personal belongings in a separate area.

Proper facilities for isolation of sick children are required. Proper records require that parents sign a permission form for administration of any medications and instructions for emergency treatment in case of accident or sudden illness.

Kitchen facilities require a stove, sink with hot, running water, and proper refrigeration equipment. All cooking utensils and serving ware must meet local health stan-

dards. Children must have adequate toilet and hand-washing fixtures available. A family care and day nursery must provide a midmorning and midafternoon snack to children who are there all day.

Financial Concerns

Unless you have adequate financial backing, it is best to begin small and grow gradually to a desired size. The costs of borrowing money are great, so it is best to begin with as little loan money as possible. A family care center can be operated out of your home provided that you have adequate floor and fenced-in yard space. Generally, with six children, you can be the operator and attendant with one additional family member helping you. If you have 10 children, you should plan on two full-time attendants, which increases your expenses.

You can use at least half of your house payments, including taxes and insurance as a part of your operating expense. Other operating expenses should include (1) salaries of paid workers (other than yourself), (2) food and beverages, (3) at least one-half of the normal utilities, (4) additional insurance and taxes for a semicommercial permit, (5) repairs and maintenance, (6) toys and additional furniture or equipment, and (7) licenses and permits. You should also think of additional laundry, linens, and cleaning supplies that are necessary. Add together all of your projected expenses for each month. In the beginning, overestimate your needs until you have operated long enough to establish a budget.

Use the following table to estimate percentages of expenses:

INCOME:	100%
<u>Less expenses as follows:</u>	
Salaries to other workers	40%-50%
Cleaning supplies	1%-2½%
Mortgage or rent expenses	10%-15%
Utilities	3%-5%
Food and beverages	5%-10%
Increased insurance and taxes	1%-3%
Proportion of maintenance and repairs	4%-5%
Licenses, permits, and fees	1%-2%
Total estimated expenses	65%-92½%

Estimated net profit
before taxes

35%-7½%

As near as possible, put a dollar figure to these expense items. Total them for your expenses. For example, let's assume that your total expenses are \$650 each month. If you use the 65% low-side estimate, that means your income would have to be \$1,000 each month. For eight children, you would have to charge \$125 per month per child. Once you begin operation, you will have to find ways to cut or reduce expenses, or increase income until you have a reasonable balance.

When you begin setting rates for care, it is based on a 10-hour day, in most cases. Usually, you must be able to accept children as early as 7:00 a.m. and keep them until at least 5:30 p.m. for full-day service. You can also have half-day care (for five hours daily, five days per week), or care before and after school (three hours daily, five days per week). Rates cannot necessarily be set as high as you want. You must keep them competitive with equal-care facilities in your community, and within budgetary limits of the families' income.

An Equipment Rental Service

Renting and leasing equipment, as opposed to owning equipment, is growing in popularity. Many businesses prefer to rent or lease equipment on a "needs" basis rather than use large sums of capital to purchase items. In addition, when you own equipment, you must also maintain and service it, which is an additional expense. Renting and leasing equipment only on a need basis saves purchase, service, and maintenance expenses.

Many homeowners now prefer renting equipment for the same reasons. For example, a homeowner needs a chainsaw for only a few hours use each six months. Why spend \$100-\$200 for one when it can be rented for one day for much, much less? And there are no maintenance or service costs. In addition, the owner does not need to worry about storage space of large items when they are not in use.

Two major types of equipment rental and leasing businesses are available. One rents and leases heavy-duty, large equipment items to contractors. These are things like earth-

moving equipment, tractors, backhoes, bulldozers, cranes, and heavy pneumatic tools, as examples. This is a highly specialized business and requires large sums of money for initial investment and purchase of equipment.

The smaller, independently owned, tool rental business is more feasible for more people to consider. A rental firm can decide if it wants to deal mainly in hard goods or soft goods rental. Hard goods include such items as garden tools, small concrete mixers, paint sprayers and compressors, scaffolding, and all types of power tools, hand tools, and builder's equipment.

Soft goods rental includes sickroom beds and equipment, party goods such as punch bowls and cups, serving wares, linens, costumes, audiovisual equipment, appliances, and office equipment. These items are primarily marketed to individuals.

Types of Rental Operations

Independently owned rental firms comprise the largest segment of the business. Most of these are single units, but many have up to six outlets in one community. Chain operations are usually branches of a larger corporate structure. Most of these are manufacturers who want to control part of the retail market. Office products, for example, are often leased through a segment of the manufacturer's operations.

IBM and Xerox both have a large equipment leasing operation. But many chain operations also make commitments to lease many different products from different manufacturers. The copy machine business is a good example. These companies specialize in quick-copy equipment and supplies, but deal with several brands. They lease equipment, provide servicing on contract, and sell the needed supplies.

The remainder of the market is made up of franchised operations. Local companies are independently owned, but buy the franchised name and operation from the parent company. A-to-Z Rentals is an example of a franchised operation. Remco is an example of a franchised appliance rental company. U-Haul is an example of a company that specializes in trailer and truck rentals.

No legal difference exists between "rental" and "leasing." In operational terms, "renting" is a short-term agreement, based on a daily or weekly time period. "Leasing" is a

long-term agreement, usually on a monthly or annual basis. Automobile leasing, for example, is based on 36-month or 48-month agreements. Furnishings for a home or apartment are usually contracted on a lease agreement of six months or more time. In many cases, the rental or lease payment goes toward purchase, if the agreement is for a long period of time. Renting, on the other hand, is usually for a shorter time. In most cases, it is for one time only.

Getting Started

If you think you would like to consider the equipment rental business, you should (1) have a good knowledge and liking for all kinds of tools and power equipment, and (2) have a great deal of mechanical servicing experience. Of course, the success of any business lies with the owner and manager in controlling and operating the business. Good management skills are always essential in any operation, regardless of size or type.

A rental business is unlike a retail operation. Different kinds of expenses and management are needed. You will need to know how many of particular items you need to purchase, and not overbuy or buy items that have little or no rental uses. For example, floor shampoo machines are rented out by most supermarkets. A homeowner would probably go there for rental, rather than to a tool rental place. As in most business operations, you need to start small and grow larger with time and experience.

It may be to your advantage to buy an existing business or consider a franchised operation. You will have a much better chance of being successful. If you begin a new business, you must carefully consider location, building lease or purchase costs, remodeling costs, land improvements, and zoning ordinances. This adds a considerable amount to start-up costs.

Licenses, Fees, and Permits

In many states, rental charges are subject to state and local sales taxes. Many states collect personal property taxes on all equipment or tools that are rented or leased. Inventory taxes must be paid on all equipment items. These are based on their true value, less depreciation. You need expert

accounting assistance on these financial matters.

Any equipment that is pulled or towed behind a vehicle requires a registration and license fee, plus vehicle tags. This applies to cement mixers, trailers, air compressors, or anything that has wheels and is towed on public streets. Sickroom supplies and equipment usually require state health department certification and licensing. Certain sanitation standards must be met in the rental or leasing of sickroom supplies. In many communities, the buying and selling of used equipment requires licensing from the local police department.

Financing and Operations

Not all of your income is from equipment rental. Most rental places sell related supplies along with the rented equipment. For example, a chainsaw requires the use of a fuel mixture of gasoline and oil. Most rental places sell this mixture by the quart bottle. A sander needs sanding belts or sandpaper pads. An electric drill needs drill bits. A mobile cement mixer needs concrete mix or sand and gravel. A person needing sickroom equipment also needs sickroom supplies and additional appliances. You should plan on five to eight percent of your income to come from the sales of supplies.

Figure 1 shows typical operating ratios that an average rental business might have. Note that the expected net profit ranges from 8 to 18 percent. You should plan at least a 12 percent net profit for your business when you set up your budget.

A good guideline to follow in the rental business is to get \$1.50 gross revenue for each \$1.00 invested in equipment to rent. Most rental fees are set to pay for the initial investment with three rentals. After that, rental fees are paying for maintenance, upkeep, and replacement parts.

Special Problems in Equipment Rental

The biggest single problem in equipment rental is what is legally known as "conversion." The renter simply fails to return the rented item. The difficulty lies in getting a charge of "theft" against the renter. Too many loopholes exist, and persons can easily claim "misunderstanding," "forgetfulness," and unlawfully "lending" the item to a neigh-

bor or friend. It is very difficult to prove "intent to steal" against a person who rents your equipment.

Security deposits help solve the problem, but the deposit never fully reimburses the owner for the replacement costs. The best solution to the problem is to get good identification of the renter in addition to a substantial cash deposit. Many places now require the same security check as those in cashing a check. Many require a credit card reference in addition to a driver's license, home telephone, and place of employment.

Another problem comes from abuse of the equipment while it is in use. Most places will ask the renter if he or she knows how to use a particular tool or equipment. Instructions are given and a demonstration to make sure the renter knows what to do and what to avoid in using the equipment. No tool or equipment should be rented until it is in good operating condition. If abused when returned, all or part of the security deposit can be used for repair and replacement of parts.

Many larger pieces of motorized or power equipment should have a firm rental agreement in which conditions are spelled out in writing. This helps avoid misunderstandings, and gives the renter specific requirements on use, abuse, length of rental time, rates, and parts replacement.

Purchasing New Equipment

Most rental places buy their equipment directly from the manufacturer or through a representative or dealer. Rental equipment is manufactured to particular standards. It is heavy-duty, in most cases, since it will receive abusive treatment. Manufacturers or dealers usually give rental dealers a 20 to 30 percent discount off normal purchase prices.

The same agreements also apply to replacement parts for these items. A rental firm must have a well-stocked parts department and an adequate service area. Items manufactured specifically for rental have fewer moving parts and fewer replacement parts to reduce servicing needs. When a tool or piece of equipment becomes too worn or has been in service a long time, it is usually sold and replaced. Some franchised operations use a specific formula for replacing equipment after rental service.

The value of rental equipment depreciates rapidly. This depreciation is figured on original purchase price divided by its useful life in months or years. The estimated salvage or trade-in value is deducted from the balance. The value of the item is then depreciated by a set amount each month or year in service.

A Building Maintenance Service

This is a popular and much needed service in communities of every size. You can have a large operation that serves the needs of the commercial or business community, or a smaller one that serves the needs of private households. A maid or domestic service is another branch of this same enterprise. The mobile maid service is a newer phase, offering a bonded maid/domestic service employee and equipment, delivered to and picked up at the person's home.

With the tremendous growth and construction of office buildings, apartment complexes, condominiums, and many other large commercial buildings, the need for building maintenance services is larger than ever. It is no longer just a "mop-and-pail" brigade of workers invading offices at night for their cleaning chores. It is a highly sophisticated business that offers many services on a contract basis. Workers use all types of motorized cleaning equipment, and perform normal maintenance chores that keep buildings looking attractive as well as extending their useful life by regular, professional upkeep.

To give you an idea of the money that can be made in this business, most residential building managers budget about 40 percent (+) of daily operating and maintenance costs for janitorial services. A multimillion-dollar high-rise office building can expect to pay at least **one million dollars** annually for contracted building maintenance services.

The majority of maintenance service enterprises are still small, employing five people or less. Markets for services are everywhere. Schools, shops and stores, shopping centers and arcades, restaurants, and supermarkets are all potential customers for these needed services. Most companies prefer to take commercial customers on a contract basis only. This way they know exactly how much work they will have and how to schedule workers and equipment. A contract assures a steady flow of work, and it does not

depend upon walk-ins, call-ins, or temporary services.

While building maintenance in the modern setting is still hard, physical work, it is far easier to do than with old-fashioned hand equipment, detergent, and water pails. Today, commercial-sized buffing, vacuuming, waxing, and sweeping machines are used. Janitorial supplies and chemicals are far better than before. More work can be accomplished in less time than ever before. And workers are easier to recruit for these chores, especially when salaries are good.

Factors to Consider

The key to any successful business is good management, good planning and organization, careful scheduling of work, and using good tools and supplies for maximum efficiency. Customers who contract with a building maintenance service want—

1. dependable people and high-quality work;
2. quality-controlled standards of cleaning and scheduled maintenance;
3. honest, dependable workers who can be trusted around valuable equipment, furnishings, and materials;
4. reasonable, competitive prices for work; and
5. good customer relations and work performance that is agreed to under contract.

Unless you have a very large organization, you can operate a building maintenance or mobile maid service from your home. You can make one room into an office, or convert a garage to an office. You need some place to store cleaning appliances and supplies, but you can lease or own a portable storage building on your property for that purpose. A large, portable building can serve as space for both an office and storage. It can be located anywhere, and in most cases, a special zoning permit would not be necessary.

Equipment Needs

Good cleaning and building maintenance is done with adequate machines to save labor costs, and with good cleaning supplies or chemicals. Figure 2 shows an approximate cost for a business that has up to four employees. These figures do not include the

OPERATING EXPENSE STATEMENT

Typical ranges for hard goods rental operations with annual gross revenues of \$50,000 to \$200,000.

GROSS REVENUE	100%*
EXPENSES	Ranges
Wages and Salaries	27.0 - 33.0
Rent	3.0 - 7.0
Repairs and Maintenance	10.0 - 15.0
Advertising	1.7 - 4.7
Utilities	.6 - 1.0
Insurance	2.1 - 2.9
Supplies	1.0 - 2.2
Legal and Auditing	.5 - .8
Telephone	.9 - 1.2
Taxes and Licenses	1.8 - 3.5
Gas and Oil	2.0 - 3.0
Interest	1.2 - 2.4
Bad Debts	.8 - 2.0
Miscellaneous	1.0 - 4.0
Depreciation	10.0 - 15.0
TOTAL EXPENSES	82.0 - 92.0%
NET PROFIT BEFORE TAXES	8.0 - 18.0%

*Most hard goods rentals obtain from 3 to 8 per cent of their gross revenue through sales of supplementary items such as gasoline, rug shampoo, sandpaper, sand, etc. Sales revenue and cost of goods sold are not included in this expense breakdown.

Data not additive vertically. Ranges shown are for guideline purposes only. Figures developed by SMALL BUSINESS REPORTER.

Figure 1
(Courtesy Bank of America, San Francisco, California, Small Business Reporter, Vol. 10, No. 6)

EQUIPMENT AND SUPPLY COSTS

For a Hypothetical
Home-Based Maintenance Service
1-4 Employees

EQUIPMENT (Major)	Range
Buffing machine	\$ 400 - \$ 650
shampoo attachmt. (opt.)	125 - (150)
Shampooing machine (opt.)	(700) - 1,500
Upright vacuum	300 - 500
Wet/dry vacuum	250 - 500
Subtotal:	\$ 1,075 - \$ 3,150

EQUIPMENT (General)

Window washing equipment	\$ 150 - \$ 280
Mop bucket/wringers	60 - 90
Ladders (6' and 8')	70 - 90
Trash can on wheels	50 - 55
Wet and dust mops heads and handles	20 - 30
Brooms	15 - 25
Pails, brushes, sponges	30 - 45
Rubber gloves	10 - 15
Owner's work clothes	30 - 40
Subtotal:	\$ 435 - \$ 670

SUPPLIES

Cleaning solutions, disinfectants, waxes, polishes, floor stripper	\$ 80 - \$ 120
Buffing machine pads	20 - 40
Subtotal:	\$ 100 - \$ 160
TOTAL:	\$ 1,610 - \$ 3,980

Figures compiled by the *Small Business Reporter*

Figure 2
(Courtesy Bank of America, NT and SA, San Francisco, California, Small Business Reporter)

cost of trucks or vans to transport workers and equipment or supplies to the work sites. In most cases, you would want to consider leasing vehicles rather than owning them.

Used equipment might be considered. In the previous example of a rental equipment business, recall that equipment is sold after so many hours of useful service. This is a possible source of good equipment that has been serviced and maintained. Hotels and motels may offer good buys on used equipment of the heavy-duty type for commercial uses.

Janitorial supply houses may have good used equipment for sale, or they may work out a lease agreement until your business grows strong enough to let you buy. For each work crew, you will need at least one of the following items:

1. buffing machine with pads for scrubbing, waxing, and polishing. Most have shampoo attachments for spot cleaning carpets.
2. shampoo machine for buildings that are fully carpeted. These can be the wet type, dry foam type, or water-extraction type. Be forewarned that improper use of shampoo machines can ruin carpeting and leave you with damages to pay.
3. upright vacuum cleaner (heavy-duty or commercial grade) with disposable bags
4. wet/dry vacuum if there is a large area of hard-surfaced floor area to clean. After wet mopping, a wet/dry vacuum easily removes excess water and speeds drying.
5. Exterior window-washing equipment is a special category. It requires a special type of scaffolding, safety devices, electric hoists, ladders, and cables. For one- and two-story buildings, windows can be washed with extension wands and special cleaning brushes. No ladders or scaffolding are needed.

Special Considerations

Assume that you operate your business out of your home. You can deduct the actual costs of your business operation for tax purposes. Suppose your home has a total of 2,000 square feet of floor space (including the garage), and your business occupies 500

square feet of that space. Then you can deduct one-fourth (or 25%) of taxes, mortgage, insurance, and utilities payments, and depreciation costs for your business operation.

For office use, you should have at least one four-drawer file, a desk, telephone (business use only), and a calculator. A typewriter would be beneficial. Your file should contain (1) job estimates and contracts, (2) job assignment rosters and work schedules for each employee, (3) time cards and labor costs per job, and (4) billing statements, uncollected or outstanding statements, and payment schedules. You also need to keep accurate payroll records with deductions, social security, withholding taxes, worker's compensation, insurance, and tax records.

Pricing your services is a major consideration. When working out a contract agreement, you must be able to estimate the amount of labor needed, as well as the costs of labor, supplies and equipment per job, vehicle use, and the overhead administrative cost. Your price per job must adequately cover all of these and leave you a margin of net profit for your business.

Most owners look at a building, the type of flooring, and the amount of cleaning needed, and determine a price per square foot. This is known as **fixed-unit pricing**. Another pricing method is known as **cost-plus**. Using this method, you compute the actual costs of doing the job, then add on a percentage for profit and overhead or administration. This permits changes in labor and supply costs without affecting your net profit and operating margin.

Using **lump sum** pricing, you simply try to determine all costs for a period of time and make a firm commitment for contract purposes. If you work commercially for a large building owner, you work out a fixed price for an entire year or six months. The trouble with contracting for a lump sum is that rising costs may catch you unexpectedly and make you operate at a loss. You need a clause built in to permit price changes for rising costs that were not anticipated.

Making Estimates and Agreements

Unless you have had actual experience in this business, making an estimate is extremely difficult. You must arrive at a cost that is reasonable and within competitors' price

ranges. You must have reliable employees, good supervision, and efficient labor costs. An estimate is based on the (1) building itself and the space to be cleaned, (2) services desired by the customer, (3) frequency of performing services, (4) types of materials to be cleaned, (5) furnishings to be cleaned, (6) any area requiring special attention or cleaning, and (7) the general condition of areas to be cleaned. The latter is applied to older buildings that are unusually dirty, stained, or in a run-down condition.

To estimate the costs of a cleaning job, you need to consider the number of employees needed, the number of hours per job, the cost of labor per employee and per job, the approximate cost of materials to be used, costs per machines used, and overhead/administrative costs, including net profit. In the beginning, you must carefully cost out each job to see if your estimate is over or underbid. Make corrections on jobs that follow until you become accurate in your estimating.

Any job you take should have a written agreement. Unless it is in writing, there is always room for misunderstanding and possible damage suits. A customer can claim nonperformance of a job and withhold payment. Most professional cleaning businesses use a fairly standard contract or agreement form (see fig. 3).

Figure 4 shows a four-year budget guide so that you can keep current in making cost estimates. You can adjust your costs up or down to meet the competition, yet maintain profits within a reasonable range.

Owning and Operating a Recreational Vehicle Park

In America, the industry of recreational vehicles is definitely growing. This industry includes everything from the small tent trailer up to the 30-foot or longer luxurious travel trailers, and the newer motor homes. Each year, more and more retired couples sell their conventional homes, buy a travel trailer, and become mobile transients. They winter in the South and tour the highways and parks of this country during the fall and spring months.

More and more families each year buy or rent a travel or recreational vehicle for a vacation. They go toward the oceans, mountains, or inland to lakes and national parks.

Most Americans like to travel, even in retirement. To service this great and growing trend in tourism, campgrounds or park areas where travel trailers, motor homes, and recreational vehicles can park for overnight or an extended stay are required.

A recreational vehicle park can be located along a major highway, or it can be in a remote spot near a park, lake, or tourist attraction. The newer ones have hard-surfaced pads with electric, water, and sewage hookups for each trailer or vehicle. They provide laundry and cleaning stations, a recreation center with fast foods and games, a swimming pool, and one or more stores to sell needed supplies and equipment. Owning and managing one of these parks can be very rewarding if it is properly built, is in the right location, and has the right kind of services available.

If you are located near a lake or river, you will want to install outdoor cooking places, fish cleaning tables with running water, and an outdoor playground for small children. Ice vending and cooler boxes, fishing gear and supplies, camera shop and supplies, plus gift shops, personal goods, and many other convenience store items should be available in the near vicinity. It is also expected that marinas and boat motor service, gasoline and oil, and repair/service places will be available.

If you are located near the ocean beaches, you will want to provide many of the same services just listed plus outdoor showers for bathers, coin-operated laundries and cleaners, and coin-operated car washes that can accommodate large motor homes and trailers.

Determining Need

A lot of preliminary market research needs to be done before buying land and installing a park. If you build in the wrong location, you will have spent a lot of money in vain. Land today is very expensive, and buying enough for a park area amounts to a considerable investment. Inside city limits, such land is very expensive. You may have to greatly limit the size of your park and the spaces available.

You have two alternatives to buying and establishing a new park area. You can buy an existing park and improve it. Or you can franchise with someone like KOA (Kamp-

TYPICAL SINGLE PROJECT PROPOSAL/CONTRACT FORM*

Proposal Page No. of Pages

PROPOSAL SUBMITTED TO	DATE
ADDRESS	PHONE
	DATE OF PLANS
JOB NAME AND LOCATION	ARCHITECT
	JOB PHONE

We hereby submit specifications and estimates subject to all terms and conditions as set forth on back side as follows:

(Read Reverse Side)

We, Proposer, hereby to furnish material and labor -- complete in accordance with above specifications for the sum of _____ dollar (\$ _____)

Here: This proposal may be withdrawn by us if not accepted within _____ day. Authorized Signature _____

Accepted: The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Date _____ Signature _____

*Courtesy of Building Service Contractors Association International

Figure 3
(Courtesy Bank of America, NT and SA, San Francisco, California, Small Business Reporter)

	Budget				
	Year 1	Year 2	Year 3	Average	Year 4
Sales	100%	100%	100%	100%	100%
Labor costs	53%	54%	55%	54%	56%
Supplies	3%	4%	6%	4.3%	5%
Equipment	4%	3%	3%	3.3%	2.5%
Management salary	6%	9%	9%	8%	9%
Overhead	19%	17%	18%	18%	17%
Total expenses	85%	87%	91%	87.6%	89.5%
Profit before taxes	15%	13%	9%	12.4%	10.5%

Figure 4. A budget guide based on past records and costs
(Courtesy Bank of America, NT and SA, San Francisco, California, Small Business Reporter)

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grounds of America) where both market research and financing may be made available to you. Most parks are independently owned and privately financed.

If you are thinking about buying land or leasing it for a park site, you must know zoning laws, get the proper permits ahead of time, and often make a special application before a planning or zoning commission. You must have the right kind of construction permits and have some engineering studies made of the proposed site location.

Remodeling existing park spaces can be a much less expensive solution, provided the location is right. In some locations, a park may cater to long-term residents who lease space for six months or more each year. Long-term transients provide a greater income than from daily traffic. For short-term space rentals (one to 14 days), your anticipated income is geared to seasons. If you invest too much money in land or remodeling an existing park, you may have to wait too long to recover your investment.

Financial Considerations

Aside from the cost of the land, the construction costs of a recreational vehicle park are expensive. A large park would have space for 100 trailers or motor homes. In some areas, 50 spaces would be adequate for your needs. A rule of thumb for construction costs are these—

Density—approximately 12 spaces per acre of land.

Space cost—construction, utilities, engineering, paving, grading, prorated cost for street and additional vehicle parking, outdoor cooking and lighting facilities, and off-site improvements—approximately \$1,500 per space.

Buildings—office, recreation center, utility building for laundry, dry cleaning equipment, telephones, and storage—approximately \$50,000-\$75,000.

Swimming pool—approximately 1,000 square feet—\$10,000.

Shuffleboard courts, volleyball/basketball court, or other outdoor recreation centers—approximately \$2,000.

Washer/dryer equipment (coin-operated)—approximately \$400 each.

Outdoor showers and toilets—approximately \$15,000.

Sewage disposal unit—can be prorated on a per-space cost and figured as a general utility cost.

The following chart illustrates income sources and expense ratios:

INCOME:	100%
From renting vehicle spaces	80%
From coin-operated laundry	5%
From leased service station, grocery, and restaurant space	15%
EXPENSES:	
Salaries and wages for grounds upkeep, maintenance and repairs	10%
Utilities	15%
Maintenance and repairs	4%
Supplies	2%
Advertising	4%
Office expenses	1%
Telephone service	1%
Permits, fees, and accounting	2%
Insurance	2%
Property taxes	10%
Depreciation	10%
Interest on loans	14%
TOTAL EXPENSES:	75%
PLANNED NET PROFIT:	25%

Special Considerations

Most park owners calculate utility costs in with space rental for short-term use. For long-term renters, utilities can be hooked up on a meter, and renters of each space can pay for actual costs, as in many apartment units.

Utility rates are rising annually. The costs of electricity, natural gas, propane or liquid petroleum gas, water, and sewage are rising rapidly. Owners must set rates to cover these costs adequately.

Many park areas have a sewage dump station for mobile trailers and motor homes. A flat fee is normally charged to help offset the additional sewage treatment costs imposed by a utility company, or by the park's own treatment system. To help offset swimming pool maintenance and expense, a small fee per person is often included. Other amenities are either free or coin-operated to help pay for depreciation and maintenance.

Most parks are planned to have at least 75 percent occupancy rate each day for budget-

ing purposes. During peak seasons, most have nearly 100 percent occupancy to help offset those times when it falls below the 75 percent rate. Good parks in good locations that are kept clean and have attractive features can usually expect an occupancy rate above normal. In certain areas, long-term residents and monthly lease rates help ensure a steady flow of income. If your park depends mostly on transient traffic and overnight residents or vacationing families, then income is less certain and subject to weather and economic conditions.

Alternate Plans

Another similar facility is a mobile home park. These parks are planned as either permanent residences or at least long-term leased lots. Spaces are larger and more costly to build. But the income is also greater than for a recreational vehicle park. You can normally plan on the same amenities and utility buildings.

Also, you should plan on paved streets with curbs and gutters, more landscaping with trees, grass, and flowers, and greater maintenance costs. However, each space has its own utility hookups, so this expense is shared from your operating budget.

Questions

1. Who is an entrepreneur?
2. Why are most service enterprises small in size and staff?

Project

Four different types of business services enterprises are discussed in this assignment.

Plan I. Select one of these four kinds of enterprises, and assume that you would be interested in owning, operating, and managing it. Answer the following questions related to this business enterprise:

- a. From what you already know about your community, and using the telephone directory, how many such businesses already exist?
- b. Do you think there is room in the community for you to begin operating and have sufficient customers to survive?
- c. How would you go about researching the market to see if there are enough potential customers to justify your business?
- d. How much money do you think you would need to borrow to begin operation, using the figures and projections quoted in the text? Where could you borrow this money?
- e. How would you get the necessary building, equipment, supplies, and labor to begin operation?
- f. Do you think you have the skills to manage and operate such a business? If not, how could you acquire the skills?
- g. Why would you want to own, operate, and manage your own business enterprise?

Plan II. If none of the four service enterprises appeals to you, select one of your own that does. Answer the same questions posed for Plan I.

COMPLIANCE STATEMENT

TITLE VI, CIVIL RIGHTS ACT OF 1964; THE MODIFIED COURT ORDER, CIVIL ACTION NO. 5281, FEDERAL DISTRICT COURT, EASTERN DISTRICT OF TEXAS, TYLER DIVISION

Reviews of local education agencies pertaining to compliance with Title VI Civil Rights Act of 1964 and with specific requirements of the Modified Court Order, Civil Action No. 5281, Federal District Court, Eastern District of Texas, Tyler Division are conducted periodically by staff representatives of the Texas Education Agency. These reviews cover at least the following policies and practices:

- (1) acceptance policies on student transfers from other school districts;
- (2) operation of school bus routes or runs on a non-segregated basis;
- (3) nondiscrimination in extracurricular activities and the use of school facilities;
- (4) nondiscriminatory practices in the hiring, assigning, promoting, paying, demoting, reassigning, or dismissing of faculty and staff members who work with children;
- (5) enrollment and assignment of students without discrimination on the basis of race, color, or national origin;
- (6) nondiscriminatory practices relating to the use of a student's first language; and
- (7) evidence of published procedures for hearing complaints and grievances.

In addition to conducting reviews, the Texas Education Agency staff representatives check complaints of discrimination made by a citizen or citizens residing in a school district where it is alleged discriminatory practices have occurred or are occurring.

Where a violation of Title VI of the Civil Rights Act is found, the findings are reported to the Office for Civil Rights, Department of Health, Education and Welfare.

If there is a direct violation of the Court Order in Civil Action No. 5281 that cannot be cleared through negotiation, the sanctions required by the Court Order are applied.

TITLE VII, CIVIL RIGHTS ACT OF 1964: EXECUTIVE ORDERS 11246 and 11375; TITLE IX 1973 EDUCATION AMENDMENTS; REHABILITATION ACT OF 1973 AS AMENDED; 1974 AMENDMENTS TO THE WAGE-HOUR LAW EXPANDING THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967; VIETNAM ERA VETERANS READJUSTMENT ASSISTANCE ACT OF 1972 AS AMENDED IN 1974.

It is the policy of the Texas Education Agency to comply fully with the nondiscrimination provisions of all federal and state laws and regulation by assuring that no person shall be excluded from consideration for recruitment, selection, appointment, training, promotion, retention, or any other personnel action, or be denied any benefits or participation in any programs of activities which it operates on the grounds of race, religion, color, national origin, sex, handicap, age, or veteran status (except where age, sex, or handicap constitute a bona fide occupational qualification necessary to proper and efficient administration). The Texas Education Agency makes positive efforts to employ and advance in employment all protected groups.